A Synopsis for Ph.D. Registration

on

A critical evaluation of Non-Banking financial companies - A case study of Tata Capital financial services limited and Mahindra & Mahindra financial services limited in Jharkhand.

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1. Introduction

In this financial world, Bank have always played a crucial role in providing various financial services. However, alongside traditional banks, there exists another significant sector known as Non-Banking Financial Institutions or NBFCs for short are Companies that almost function However, like a bank. They are free to lend to the public as well as borrow from the financial markets. Non – Banking Financial Companies (NBFCs) are an indispensable part of Indian Financial market. It refers to the financial institutions that offer various banking and financial services under the regulation of Reserve bank of India among the people. NBFCs play an important role of providing credit and financial services to various sector of the economy and offers their products mainly semi urban, rural sectors. NBFCs showing a great deal of variety financial services from loans to investments. They provide an alternative-services by offering quicker, more flexible solutions tailored to specific market demands. NBFCs must navigate regulatory challenges and intense competition to maintain growth and profitability. The critical evaluation of NBFCs based on their financial performance, the customer reach in market penetration, accessibility, credit risk evaluations and their adherence to regulatory standards and operational areas to extending financial services to rural or underserved areas and flexibility in lending for loan approval processes, turnaround times and the customer satisfaction. U.S. Congress. "Dodd-Frank Wall Street Reform and Consumer Protection Act." Pages 1391-1392. Examples of NBFCs are investment banks, mortgage lenders, money market funds, insurance companies, hedge funds, private equity funds, and P2P lenders. A non-banking institution which is a company and which has as its principal business the receiving of deposits under any scheme or arrangement or in any other manner or lending in any manner; such other non-banking institution or class of such institutions as the Bank may with the previous approval of the Central Government specify" (Machiraju, 1998). The definition excludes financial institutions besides institutions which carry on agricultural activities as their principal business.[1]

1.1 NBFCs vs Banks

NBFCs Cannot accept "DEMAND DEPOSITS". This is not allowed to do issue cheques for drawn facility. NBFCs Depositors do not avail themselves of the facility of Deposit insurance. It Doesn't follow regular payment and settlement system and the Diverse financial services provided by NBFCs. Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs unlike in case of Banks. An NBFC does not possess the banking license from RBI, However, they can provide banking

services under the administration and control of the RBI. NBFCs Does not hold a banking license but Certificate of Registration by the RBI. Foreign Direct Investment only 74% allowed in banks but In NBFCs 100% FDI allowed. In NBFCs credit score requirements moderate to lower credit score can be considered but In Banks credit score requirements are higher. In NBFCs rules and regulations are flexible and suited to the needs of the customer but in banks strict adherence to the rules and regulations.[2]

1.2 Incorporation, Registration and Rules & Regulations of NBFCs

A Non – Banking Financial Companies registered under the Companies Act 1956 and as specified under "Section 45 -IA" of the RBI Act, 1934. Requirements - A Company incorporated under section 3 the companies act, 2013 or the previous companies Act 1956. They should have a minimum net owned fund (NOF) OF 10 Crore. If any foreign investment is anticipated, the company should be in compliance with the FEMA Act. It is the necessary for the registration of NBFCs in terms of Section 45-IA of the RBI Act, 1934, no non - banking financial company can commence or carry on business of a non-banking financial institution without a) obtaining a certificate of registration from the Bank and without having a Net Owned Funds of ₹ 25 lakhs (₹ Two crore since April 1999). However, in terms of the powers given to the Bank, to obviate dual regulation, certain categories of NBFCs which are regulated by other regulators are exempted from the requirement of registration with RBI viz. Venture Capital Fund/Merchant Banking companies/Stock broking companies registered with SEBI, Insurance Company holding a valid Certificate of Registration issued by IRDA, Nidhi companies as notified under Section 620A of the Companies Act, 1956, Chit companies as defined in clause (b) of Section 2 of the Chit Funds Act, 1982,Housing Finance Companies regulated by National Housing Bank, Stock Exchange or a Mutual Benefit company.

Incorporation Of NBFCs – The Document is submitted in order to apply and obtain a NBFC license: Details about the company's management. Certified copy of Certificate of Incorporation. Certified copy of Certificate of Commencement of Business. Certified copy of updated Memorandum of Association (MOA) of the organisation. Certified copy of updated Articles of Association (AOA) of the organisation. Copy of the PAN card or CIN that has been issued to the organisation. Directors' profile which has to be duly filled and signed by each director separately. Certificate of experience from the non-banking financial companies at which each director had worked and obtained experience. The CIBIL Data applicable to the Directors of the company. The last 2 years' financial statements of the relevant unincorporated bodies, if any. A Board Resolution to approve

the contents of the application and its submission process, and the authorising signatory. A Board Resolution to announce that – No public deposit has been accepted by the organisation previously (mention the time period). No public deposits are held by the organisation till date and no deposits will be accepted thereafter without prior permission from the Reserve Bank of India in writing. A Board resolution specifying that -No NBFC activities are being carried on by the organisation. The organisation has stopped all kinds of NBFC operations and will not perform the same without receiving registration from the Reserve Bank of India. In order to formulate the 'Fair Practices Code', a Certified copy of Board resolution is required. A Statutory Auditors Certificate certifying – that the organisation is not holding any Public Deposit that the organisation does not hold any Public Deposit. A Statutory Auditors Certificate which certifies that the organisation is not involved in any NBFC operations. A Statutory Auditors Certificate which certifies the net owned fund as on the application date Authorised Share Capital details. Details of the recent patterns of the shareholding of the company along with its percentages. Copies of Fixed Deposit receipt & Banker certificate of no loans/debts with account balances supporting Net Owned Funds. The branch or bank's full postal address, credit or loan facilities, bank account and balance details, and so on taken by the company. For existing companies, the last 3 years' Profit & Loss account, audited balance sheet, auditors and directors' reports, etc. are to be submitted. The next 3 years' business plan of the organisation with details such as: the specific direction of the business market segment. income/asset pattern statement sans public deposits, cash flow statement, and projected balance sheets. Documentary evidence of the company's startup capital source IT Returns or bank statements to be submitted post self-attestation Other than these, the applicant might also have to submit other additional documents as required.[3]

NBFCs Registration - The company should have a valid registration under the Companies Act, 1956 or the Companies Act, 2013. The company should have a minimum (net owned funds) worth Rs.2 crore. At least one of the Directors has to be of the same background or has to be a Senior Banker. This Director also has to be a full-time director in the company. The company should have a clean CIBIL record. Once the conditions which are mentioned above are met, the applicant can apply for the incorporation through the website of the Reserve Bank of India. An online application has to be filled up and submitted through the RBI website. Along with the form, the applicant is required to upload the requisite documents on the online portal. Once all of the above-mentioned steps are completed, a CARN number will be generated. The applicant is also required to send a hard copy of the application which is filled up and

submitted on the portal, to a regional branch office of the Reserve Bank of India. The license will be issued to the company, after the thorough scrutinization of the application. KYC requirement. Net worth of Directors, Shareholders and company. Education & Qualification of Directors. Company's pan & GST number. The Board' s resolution approving of formation of the Non-Banking Financial Companies. A detailed action plan for the next 5 years. RBI Conditions for Granting NBFC License. Other Registration Required for NBFCs.

Rules & Regulations - The functions of the NBFCs in India are supervised by the Reserve Bank of India (RBI). Hence, the NBFCs have to abide by the guidelines put forward by the RBI in Chapter III B of the RBI Act of 1934. The regulations prescribed by the RBI are as follows- NBFCs cannot accept demand deposits from public depositors or investors as it is not authorised by law. The minimum time period for which the public deposits can be taken by the company is 12 months, while the maximum tenure can be 60 months. The Reserve Bank of India will not guarantee the repayment of any amount which is taken by the NBFCs. The Company cannot charge an interest rate which is more than the rate prescribed by the Reserve Bank of India. NBFCs can issue cheques to their customers in order to make payments or settlements. The company has to furnish a record of the statutory return on the deposits taken by the company in the form NBS- 1 every year. The company has to furnish a quarterly return on the liquid assets of the company. The audited balance sheet of the company has to be submitted every year. The company has to ascertain its credit ratings every 6 months and submit the same to the RBI. The companies which have a Public Deposit of Rs.20 Crore or more or have assets worth Rs.100 Crore or more will have to submit a half-yearly ALM return. The depositors of the NBFCs cannot avail the securing facility of the Deposit Insurance and Credit Guarantee Corporation (DICGC). Only the NBFCs that have been duly rated and matches the recommended Minimum Investment Grade Credit (MIGC) rating, are eligible to accept conditional deposits from public depositors. The RBI has restricted the NBFCs from providing additional benefits, extra incentives, or gifts to the customers or depositors than those which are offered by the banks. The company has to maintain a minimum of 15% of the Public Deposits in its Liquid Assets.[3]

1.3 Types of NBFCs

NBFCs are classified into 2 main categories

A. BASED ON ACTIVITY

- Infrastructure Finance Company
- Asset Finance Company
- Micro Finance Company
- Housing Finance Company
- Mortgage Guarantee Company
- Core Investment Company
- Investment Company
- Loan Company

B. BASED ON THEIR LIABILITY STRUCTURE

- Category "A" companies - NBFCs accepting public deposits or NBFCs-D
- Category "B" companies – NBFCs not raising public deposits or NBFCs – ND[4]

1.4 Functions of NBFCs

- Credit facilities – NBFCs offer short – term and long -Term funds to individuals and business various purposes.
- Wealth Management – NBFCs offers wealth management services including portfolio management and investment advisory.
- Hire Purchase Services – NBFCs allow individual and businesses to acquire goods and assets through instalment payments without large payment upfront.
- Asset Financing – NBFCs operates as asset management companies (AMCs) managing funds pooled from small investors. It is specialisation in financing the purchase of physical assets like vehicles, equipment and property.
- Insurance Services – NBFCs helps to distribute insurance products and sometimes provide micro – insurance.
- Investment Services – NBFCs manage investments in stocks, bonds, mutual funds and other financial instrument.

- Infrastructure Finance - Infrastructural funding is one of the mainly important areas where NBFCs play a significant role to providing services.
- Microfinance – NBFCs helps to offer small loans and financial services to underserved or rural populations, contributing to financial inclusion.
- Venture Capital and Private Equity - NBFCs helps to engage the initial stage of business to promote nurturing new businesses and driving economic growth.
- Foreign Exchange Services – NBFCs facilitate currency exchange and related financial transactions for individuals and businesses.
- Factoring Services – NBFCs manage receivables for business by purchasing invoices.
- Financial Inclusion – NBFCs helps to bridge the gap between rural and semi – urban areas.[4]

1.5 Role of NBFCs

NBFCs act as intermediaries between the ultimate savers and the ultimate borrowers. NBFCs extend credit facilities. NBFCs provide financing infrastructure. They cater to the needs of small Business, low Income households, undeserved markets, filling the gaps that are left by banks and also help to sort out the needs of unorganised sectors. NBFCs help to fulfill the fund requirements and also provide investment opportunities to the public. NBFCs contribution gives a boost to the economy's development. NBFCs help to promote and gives various opportunities for growth and give liquidity to the capital market. NBFCs help and increase the wealth creation. It also provides substantial employment generation. NBFCs play a significant role in the acquisition of receivables getting entitled to undivided interest. NBFCs play a role of exclusively in financing the infrastructure sector or other services. NBFCs help to promote the innovation. NBFCs goal of the financial market is "Resources Mobilization"

NBFCs give "Accountability" to promote their expansion and growth. Business, which should be transparent to boost the profit and also increase the reputation of their services. NBFCs recognize the "Identification of weaknesses" which is harm to their services and jeopardize their business. So NBFCs limit their weaknesses so they can grow. NBFCs grow their business which has an "Impact on the growth of Economy" which boosts the GDP and National Income. NBFCs Prevention of Financial Crises which affect their business drastically and cause suffering from losses. NBFCs have Encouragement of Best Practices in their best possible manner to earn profit and also growth in impact of the economy. NBFCs play a vital role of Protection of Stakeholders to earn their shares of business and take corrective decisions to boost the services among the people,

organisations etc. NBFCs create Support to ease of access, equity and quality for Financial Inclusion. NBFCs are given a platform of Faster Services to run their business according to the financial market for the services. NBFCs have majorly important of "Transparency" in dealing with investment because Transparency gives goodwill in the eyes of the individuals and small business which they have dealt with NBFCs in full of confidence to scale their Financial Stability to run the long- term financial services.[5]

1.6 Contribution on Economic and Social Development

The NBFC sector has grown considerably in the last few years despite the slowdown in the economy. In terms of year-over-year growth rate, the NBFC sector beat the banking sector in most years between 2006 and 2013. On an average, it grew 22% every year. This shows, it is contributing more to the economy every year. The Growth trajectory for Indian's non – banking finance companies is set to decelerate with the asset growth projected at 15-17% year on year for 2025 and 2026 compared to 23% in FY 2024. Despite the slowdown the projected growth remains above the decadal average of 14% driven largely by core segments such as home and vehicle loans according to CRISIL Ratings and Fitch. NBFCs are more profitable than the banking sector because of lower costs. This helps them offer cheaper loans to customers. As a result, NBFCs' credit growth - the increase in the amount of money being lent to customers – is higher than that of the banking sector with more customers opting for NBFCs. NBFCs contribute largely to the economy by lending to infrastructure projects, which are very important to a developing country like India. Since they require large amount of funds, and earn profits only over a longer timeframe, these are riskier projects and deters banks from lending. In the last few years, NBFCs have contributed more to infrastructure lending than banks. NBFCs cater to a wide variety of customers - both in urban and rural areas. They finance projects of small-scale companies, which is important for the growth in rural areas. They also provide small-ticket loans for affordable housing projects. All these will help promote inclusive growth in the country.

Mobilization of Resources - It converts savings into investments

- Capital Formation - Aids to increase capital stock of a company
- Provision of Long-term Credit and specialized Credit.
- Aid in Employment Generation
- Help in development of Financial Markets
- Helps in Attracting Foreign Grants
- Helps in Breaking Vicious Circle of Poverty by serving as government's instrument.

The impact of NBFCs is critical to providing last-mile financial inclusion since they specialize in niche financing that is often overlooked by traditional lenders with the increasing role of NBFCs in the Indian Economy, the Reserve Bank of India has issued the notification Master Direction - Information Technology Framework for the NBFC Sector. The impact NBFCs is to leverage digitization to improve risk assessment in their focused sector and lower the overall lending costs. The directions on IT Framework for the NBFC sector are expected to enhance safety, security, efficiency in processes leading to benefits for NBFCs and their customers. NBFCs with asset size above 500 cores are expected to adhere to the new "recommendations" by 30th September 2018. Recommendations for smaller NBFCs include developing basic IT systems mainly for maintaining the database.[6]

1.7 Tata Capital Financial Services Limited

TCFSL is a notable financial services provider in India and it is a subsidiary of Tata Capital Limited Part of TATA GROUP. It is one of India's largest and most respected conglomerates. Tata Capital financial services limited is a public incorporated on 19 NOV. 2010 and is classified as Non-Government Company. TCFSL is registered at registrar of companies, ROC Mumbai. It provides a wide range of financial services to individuals, small business and corporations across India. Tata Capital Financial Services Limited has maintained steady growth over the years. TCFSL backed by the strong reputation of brand Tata Group. Leveraging its strong brand equity, the company has gained a reputation for trust, reliability, and customer centric solutions in the financial services sector. Tata Capital Financial Services is a regulated by the Reserve bank of India (RBI) and adheres to strict compliance standards in its operations. The authorized share capital is Rs 55,00,00,00,000 and its Paid-up capital is Rs. 17,544,020,130. is a systemically important Non deposit taking Non-Banking Financial Company. TCFSL focuses on providing a broad suite of financing products customized to cater the needs of various segments. tata capital financial services limited has a robust marketing and distribution network which provides customers a diversified financial services platform. TCFSL limited serves retail, corporate and institutional consumers in India. This company offers commercial, infrastructure finance, wealth management and consumer loans. tata capital financial services limited broad portfolio makes it adaptable to market fluctuations which aids in securing corporate and retail clientele, driving higher loan disbursal volumes in urban areas. tata capital financial services limited maintains robust risk mitigation strategies aided by strong technological integration and analytics which shows consistency in profitability and asset quality but also faces intense competition from banks in urban

areas. tata capital financial services limited emphasize “Digitization” which invest Tata Capital in AI-driven analytics for customer insights and spread their financial areas. This gives digital platforms for loan application, credit assessment and customer services which enables faster processing and wider accessibility. tata capital financial services ltd. excels in urban – centric diversified services but also need to look out of rural penetration for balanced growth and boosting their profit however they are still vulnerable to economic cycles, job market fluctuations and credit defaults.[7]

1.8 Mahindra & Mahindra Financial Services Limited

Mahindra & Mahindra Financial Services Limited, a non -banking financial company, provides financial services in the rural and semi-urban areas in India. It was incorporated in 1ST JAN. 1991 and Headquartered in Mumbai, India. Mahindra & Mahindra Financial Services Limited operates as a subsidiary of Mahindra & Mahindra Limited to offer vehicle financing and leasing for auto and utility vehicles, tractors, passenger cars, commercial vehicles and construction equipment. It also preowned vehicle to transport operators, farmers, businesses and Self Employed and salaried individuals also provide services of Bill discounting, personal home, loan against property and machinery loans. Mahindra & Mahindra Financial Services limited also project finance, equipment finance, working capital finance to small and medium – sized enterprise. This company also provides housing finance for purchase, construction, extension, and renovation; investments comprising fixed deposits and investment solution; asset management and trustees services; mutual funds; life, health, and asset protection insurance products; and commercial line insurance services, as well as reinsurance products. Mahindra & Mahindra Financial Services limited authorized share capital 5,50,00,00,000 and its paid - up capital is Rs. 2,47,10,59,840. It targets a niche audience, offering a competitive advantage in underserved areas and benefits from Mahindra Group’s rural presence, tapping into agriculture and allied sectors for growth. Mahindra & Mahindra Financial Services Ltd. Faces higher risk due to rural dependency, including fluctuations in monsoon and agriculture income. However, it employs localized credit evaluation mechanisms to reduce defaults. Mahindra & Mahindra Financial Services Ltd. Has higher more prone to Non – performing assets (NPAs) during economic stress.[8]

2. Review of Literature

- Shailendra Bhushan Sharma and Lokesh Goel (2012)[9] write on "Functioning and Reforms in Non-Banking Financial Companies in India". This study revealed a rapid growth of NBFCs which has led to a gradual blurring of dividing lines between commercial banks and NBFCs.

- Subina Syal and Menka Goswami (2012)[10] writes on "Financial Evaluation of Non-Banking Financial Institutions An insight" in 'Indian Journal of Applied Research'. The Indian financial system consists of the various financial institutions, financial instruments and the financial markets that facilitate and ensure effective channelization of payment and credit of funds from the potential investors of the economy.

- Shail Shakya (2014)[11] published a working paper entitled "Regulation of Non-banking Financial Companies in India: Some Visions & Revisions". Non-Banking Financial Companies are pioneer in their cash deployment, accessibility to the markets and others to count. NBFCs are known for their higher Risk-Taking capacity than the banks. Despite being an institution of attraction for the investors.

- Ravi Puliani and Mahesh Puliani (2014)[12] writes a book entitled "Manual of Non-Banking Financial Companies". The book discussed the glossary of terms that are used in banking operations and non-banking activities. The book covers the circulars and directions issued by Reserve Bank of India from time to time to control, manage and regulate the business of NBFCs.

- Amit Kumar and Anshika Agarwal (2014)[13] published a paper entitled "Latest Trends in Non-banking Financial Institutions" in 'Academic: An International Multidisciplinary Research Journal'. In Indian Economy, there are two major Financial Institutions, one is banking and other is Non – Banking. The Non-Banking Financial Institutions plays an important role in our economy as they provide financial services on wide range, they also work to offer enhanced equity and risk-based products, along with this they also provide short to long term finance to different sectors of the economy, and many other functions. This paper examines the latest trends in Non-Banking Financial Institutions. This paper analyses the growth and enhanced prosperity of financial institutions in India.

- Anuj Pratap Singh, Sharad Tiwari, and Shweta Singh (2016)[14] "The rule and regulation of non-banking financial companies in India: the structure and status profile" emphasised the rules and laws governing NBFCs in India as well as the funding sources, importance, composition, functional area, present status, and upcoming requirements. It examines how the financial system and economic growth are related and makes recommendations for different credit policies to reduce interest rates, which directly aids small sector units in meeting their diverse financial needs.

- Deepak Kumar (2020)[15]noted that NBFCs fulfil a range of tasks and are significant component of the Indian financial system in his study, "NBFCs in India: A Review of Literature." It was discovered that regulation is activity-based, which causes the cost of compliance to be rationalised to create a model that works for both regulation and the activities that regulate regulation. The prohibited uses of NBFCs' financial resources are debenture funding, loss in the priority sector, securitization, and on-lending.
- Dr M. Somasundram (2020)[16] in his article "The Merits and Demerits of Moratorium Offered by Banks and NBFCs in India," identifies how moratorium provides a facility to customers and how it is managed by them without profit. A moratorium means a temporary prohibition of a specific activity. COVID has had a negative impact on every industry. All employers, whether government or non-government, received their pay checks after deductions. On March 27, 2020, the government announced that companies would receive a three-month moratorium on their respective equated monthly instalments. This moratorium has been used by approximately 32% of borrowers in the banking and financial industry.

3. Research Gap

The NBFCs assume a huge part in monetary necessities of the medium measured and little estimated commercial enterprise and advancement of Indian economy by implication. Then again approaches of NBFCs are additionally give speculation security of speculators. It is highlighted the because of the directions of the Reserve Bank of India still the NBFCs do not develop more credit facilities. It is proposed to the NBFCs credit strategy to lessen rate of interests, which serves to little ventures to get advances for their distinct capital prerequisites. The research gap was identified for exploring the factors that led to the dramatic rise in NBFC s in the recent decade since 2011 and its misuses that led to the fall of the NBFC sector and the financial crisis that followed in the overall economy. After Covid, there were many significant changes of NBFCs have challenges

to cover all the aspects of the financial services. The studies made above demonstrate that the exploration in NBFCs is not at all that dynamic with the same number of the distributed and published papers that indicate just the periphery of the NBFCs. Very few major limited and sporadic studies have been done on NBFCs in India and even Abroad. Even the available study did not focus on the overall performance of the NBFCs as a whole in Jharkhand state. Moreover, in terms of methodology only traditional ratio analysis was employed to assess the performance.

4. Importance of Research Study

The Non-Banking Financial Companies (NBFCs) sector in India has undergone remarkable growth, establishing itself as a significant player within the country's financial landscape. Also, the space as a whole, has witnessed notable transformations ever since its emergence, with segments such as housing finance, microfinance and consumer finance contributing to its expansion. This growth is driven by various factors, such as a rising middle class, enhanced financial inclusion and positive policy interventions. In India, there are many Non – Banking financial companies with the registered under the guidelines of the RBI where they introduce different kind of services among the people, build their business etc. Thus, this research study is very dynamic in nature because NBFCs provide different kind of services in different manner in urban, semi – urban, rural areas etc. Thus, it is very important aspect which is the measurement of different areas of India to the evaluation of NBFCs services. According to the same, Jharkhand is among the 28th states of India which is established on 15th Nov. 2000 with the objective to uplift the tribal and original inhabitants of the region. Despite their limited boundary of financial services where people are not well – educated and not much trustworthy into Non – Banking Financial Companies to take loans, insurance, credit facilities where they have high interest. So to critical evaluation of Non – banking Financial companies of a case study of take from NBFCs companies of Tata Capital and Mahindra & Mahindra Financial Services Limited where we compare and analyse of different parameter of different services in semi urban , urban areas, rural where they give credit facilities which boost their business and also contribution on the economic and social development and what is the specific guidelines and what different and distinction of services provide among the different kind of people. NBFCs the mainly important of “Credit Risk Assessment” to identify their risk and return of their investment because the credit risk assessment have measurement of their growth, liquidity and solvency of their business. NBFCs have “Regulatory Compliance” which have to perform under the rules and

regulations of RBI. If NBFCs violates the rules norm of regulatory authority that may faces high repercussion of their decisions and also charges high penalty for their mistakes. In this scenario, the next question follows – NBFCs have first "Priority of Sector Lending (PSL)" which is boost their expand of business of earning profit with effectively. So, the next important aspect of my research study to evaluate of NBFCs in semi- urban areas which have limited access of NBFCs services. Thus, my research work aims to find out how the drastically change of the services of NBFCs and what are the impacts on economic and social development of different culture backgrounds of people in Jharkhand.

5. Objective of Study

1. To identify the role of NBFCs in Jharkhand.
2. What are the key performance parameters of major NBFCs which would indicate efficiency of its lending activities.
3. To determine the impact of the lending practices of NBFCs relating to the financial stability or in terms of profitability.
4. What is the evolution of "Lending Platform" in NBFCs along with the factors contributing (access, equity and quality) in growth of finance market in Jharkhand.
5. To study the changes and revoke the evolution of NBFCs in "DGITISATION'.
6. To find out NBFCs companies Tata Financial Services Limited and Mahindra & Mahindra Financial Services Limited "Business Mix and their Growth Trend".
7. To investigate the operational performance of Tata Capital financial services limited and Mahindra & Mahindra financial services limited?
8. What are the challenges faced by NBFCs in the "Current Economic and social Environment" in Jharkhand.

6. Scope of the Study

A critical evaluation of NBFCs examining the guidelines set by RBI to evaluating the compliance with rules related to capital adequacy, risk management and governance to identify the regulatory gaps compared to Banks and other financial institutions. NBFCs assessing the role of the contribution in ease of access, equity and quality to specially in rural, semi urban areas. This help to evaluate their role in providing credit to undeserved sectors such as MSMEs, agriculture and retail. This will analyse their impact on economic growth and development. The dimension of scope of analysing profitability, liquidity and

solvency metrics for comparing financial performance with Banks and other institutions. To handle the fluctuations of market and economic slowdown.

The mainly high changes in assessing the adoption of digital platforms and innovations to exploring how the NBFCs leverage technology to customized offer and more ease accessible of financial products. Another Government policies like monetary and fiscal influence NBFCs operations to reviewing govt. policies initiatives to support NBFCs. NBFCs exploring the potential growth trajectory off evolving the market regulation and conditions to emerge their role in green finance and sustainable investments. A Comprehensive evaluation of scope of the study should be balance the strengths and weaknesses of NBFCs offering better flexibility in lending which gives them a competitive advantage. In financial market with a great potential in implement more robust and standardized regulations in embracing the technology to improve service delivery and operational efficiency. Further scope of this research is needed to explore the evolving the landscape of digital finance and changes in regulatory frameworks.

7. Hypothesis

The research will set the Hypothesis of a critical evaluation of NBFCs will have their performance, risk management, compliance and contribution to the financial ecosystem and have positive impact on socio – economic upliftment of financial sector will help in increase of operational efficiency, employment, savings, investment, per capital income, providing loan, insurance, infrastructure and building their business etc. NBFCs have significantly higher market penetration in comparison of market skimming in undeserved or unbanked areas compared to traditional banks due to their focus on specific customer segment. NBFCs have increase day by day in technological way to provide their services in financial market and household of their business to give a platform to increase and boost their profit in financial market. The Researcher has taken two Hypothesis for this research.

1. $H_0$1 – There is no significant influence of positive impact on critical evaluation of NBFCs on social and economic development in Jharkhand.
2. $H_0$2 – There is no significant change in in profile case of Tata Capital Financial Services Limited and Mahindra & Mahindra Financial Services Limited.

8. Research Design

- The complete research work leading is based on both systematic and ad hoc research methodology. This Research will both quantitative and qualitative. Research Design will be based on Descriptive and analytical in nature to analysis the primary and secondary data and also include explanatory design to explain the research in both mixed factor of correlation of the research design. The

ultimate goal in Research Design aligns the research question with the appropriate methods ensuring that the study remains focused, feasible and ethically sound. Under systematic researcher will adopt secondary and primary data which provides a structured approach for data collection and analysis to ensure consistency in the research process to enhance the reliability and validity of findings to minimizes bias.

9. Research Methodology

1. Data Collection – Data for this research will be collected from both of the sources via Secondary and Primary Data.

Secondary data – Data will be collected from different relevant books, literature, journals, magazines, newspaper, government documents or websites, internet etc. Secondary data in this research has been collected from the various sources annual report, financial statements, balance sheet, journals, reports on NBFCs, company website, Books etc.

Primary Data – It will be obtained that the ultimate goal in conducting Primary Data is to learn about something new that can be confined by others and to eliminate our own biases of the process.

A. Survey – Asking Participants about their opinions and behaviours through a short-questionnaires.

B. Interviews – Conduct interviews with NBFCs executive, employees, regulators and policymakers in a one – on – one or small setting.

C. Observations – observations of people and other measurable events.

- Sampling Technique – A sampling technique which will be used stratified, convenience and purposive sampling for the selection of respondents from different district of Jharkhand.
- Sample Size – An important decision that has to be taken in adopting research design will be used in sampling size for the population of the research study. In this study, Stratified and convenience sampling size will be taken 300 that will consist of 200 people from different cities in Jharkhand and 100 from NBFCs employees, policymaker, agent, clients etc. In this study to Researcher draw the inference and for the analysis of data which will ANOVA (F-Test), t-test, chi-square test, correlation etc. will be used.

2. Data Analysis

Based on the research topic various statistical tools like average, percentage, standard deviation, correlation, regression, SPSS, Ms-excel etc. will be used for hypothesis testing z-test, ANOVA, and correlation etc. Quantitative Data will be collected through structured surveys administered to a sample of profile case of Tata Capital and Mahindra & Mahindra Financial Services limited clients. Data on loan disbursement, portfolio quality, and operational metrics will be collected for the survey questionnaire to obtaining the information on client demographics, loan utilization, repayment behaviour, household income, and socio-economic indicators. Qualitative data is gathered through in-depth interviews with person from different cities in Jharkhand who used NBFCs services, key stakeholders, staff, community leaders and selected clients, employees etc. The interviews explore perspectives on NBFCs operations, outreach strategies, impact assessment, challenges faced, and potential areas for improvement in semi- urban and rural settings.

3. Data Presentation

In the data interpretation tabulation, graphic re-presentation like bar chart, pie chart, Histogram, Scatter plot or line graph etc. will be drawn for the representation of the data.

10. Limitations of the study

1. This Study may not be Cover all the areas of NBFCs because NBFCs have Dynamic Market Conditions which is very difficult to calculate and measurable exact financial performance in market due to shallow bond market, funding constraints, subjectivity analysis, limited access of private NBFCs, complex their business models and scope restrictions.
2. NBFCs have Incomplete Risk Weights and have limited publicly available data Tata Capital Financial Services Limited and Mahindra & Mahindra Financial Services Limited shows the Primary Data taken for the study is assumed to be true which might not be true in case as the school of thought of the people might cause change in due of course of time. The resource will be required for the study is time and money which have biggest constraints for this study.
3. As the Case study of Tata Capital Financial Services Limited and Mahindra & Mahindra Financial Services Limited, the researcher will take the sample of secondary data collected from the internet which is also limited and the primary data which have limited access of banking services and not much so co – operative of employees from company and may not cover all financial parameters of both

companies. The study is confined to the semi – urban areas of District of Jharkhand which may not be the exact evaluation of NBFCs of other urban and rural areas of India.

4. Challenges and issues identified in district of Jharkhand may not apply universally to other urban, semi – urban and rural areas with different socio – economic contexts and factors influencing semi -urban areas of customer preferences towards NBFCs services might vary over time due to change in Govt. policies and economic conditions.
5. Satisfaction level regarding financial services is subjective and may be influenced by individual experiences and expectations and may not cover all relevant aspects and the latest development in the policy landscape.

10. TENTATIVE CHAPTERISATION

The whole research study is divided into the following chapters on tentative basis which will be finally arranged and adjusted at the time of writing the Thesis –

1. Introduction.
2. A Company Profile & Review of Literature.
3. Operational performance of Tata Capital financial Services Limited & Mahindra & Mahindra Financial Services Limited.
4. A Detail study of NBFCs and its impact on social and economic development in Jharkhand.
5. Hypothesis testing and Data Analysis.
6. Summery, Findings & Suggestions.

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